

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

-----X **Docket#**
UNITED STATES OF AMERICA, : 16-cr-00045-MKB-1
:
- versus - : U.S. Courthouse
EASY RENT SYSTEMS, INC., : Brooklyn, New York
Defendant : October 7, 2016
-----X

TRANSCRIPT OF CRIMINAL CAUSE FOR PLEADING
BEFORE THE HONORABLE ROBERT M. LEVY
UNITED STATES MAGISTRATE JUDGE

A P P E A R A N C E S:

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1 THE CLERK: Criminal Cause for a Pleading
2 United States v. Easy Rent Systems, Inc., et al., case
3 number 16-cr-45.

4 Please state your appearances for the record.

5 MR. SMITH: Tyler Smith for the United States.

6 Good morning, your Honor.

7 THE COURT: Good morning.

8 MR. TREMONTE: Michael Tremonte and Noam Biale
9 for Mr. Hurant and for Easy Rent Systems.

10 Good morning, your Honor.

11 THE COURT: Good morning.

12 MR. BIALE: Good morning, your Honor.

13 THE CLERK: Will the defendant please raise
14 your right hand.

15 J E F F R E Y H U R A N T ,

16 called as a witness, having been first duly sworn,
17 was examined and testified as follows: THE COURT:
18 All right. So, we have -- how many defendants do we
19 have before us here today.

20 MR. SMITH: Two, your Honor.

21 THE COURT: Okay. And can you identify who
22 they are?

23 MR. BIALE: Yes, Mr. Hurant, individually is
24 one defendant and the second defendant is Easy Rent
25 Systems, Inc., corporate (indiscernible).

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1 THE COURT: And is Mr. Hurant going to be
2 allocuting on behalf of both entities?

3 MR. BIALE: Yes, Mr. Hurant will be allocuting
4 on his own behalf and he will allocute on behalf of the
5 corporate entity, Easy Rent Systems, Inc.

6 THE COURT: And is Mr. Hurant authorized to
7 allocute on behalf of Easy Rent?

8 MR. BIALE: Yes, he is, your Honor. He is the
9 sole representative of the company. He is the owner of
10 the company, the founder of the company. He controls the
11 company and there are no sort of competing voices that
12 could speak for the company.

13 THE COURT: Is that satisfactory with the
14 government?

15 MR. SMITH: Yes, your Honor.

16 THE COURT: And Mr. Hurant -- is that true, Mr.
17 Hurant?

18 THE DEFENDANT: Yes, your Honor.

19 THE COURT: Okay. So, you're going to be sworn
20 in in all of your capacities at this point.

21 THE DEFENDANT: Yes.

22 THE COURT: Okay. So, you're now sworn under
23 oath.

24 THE DEFENDANT: Okay.

25 THE COURT: And your oath binds you both when

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1 you're speaking on behalf of yourself individually and on
2 behalf of the corporate entity that you're representing.

3 THE DEFENDANT: Yes, sir.

4 THE COURT: Okay.

5 THE DEFENDANT: I understand.

6 THE COURT: Are we -- we do have consents to
7 have a plea taken by a magistrate judge. There are two
8 separate consents, one on behalf of Jeffrey Hurant and
9 one on behalf of Easy Rent Systems, Inc. I see
10 signatures by all counsel and I see also signatures by
11 you, Mr. Hurant, above the signature line for defendant.

12 Is that correct?

13 THE DEFENDANT: Yes, sir.

14 THE COURT: And you signed for both the
15 corporation and for yourself individually.

16 THE DEFENDANT: Yes, your Honor.

17 THE COURT: And before you did that, did you
18 discuss with your lawyers what it meant to consent to my
19 jurisdiction just for taking the plea and making a
20 recommendation?

21 THE DEFENDANT: Yes, sir.

22 THE COURT: Do you understand what you're
23 doing?

24 THE DEFENDANT: Yes, sir.

25 THE COURT: Do you have any questions?

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1 THE DEFENDANT: Not at this moment.

2 THE COURT: Are you making this decision
3 voluntarily?

4 THE DEFENDANT: Yes, sir.

5 THE COURT: Also, I am going to ask you a lot
6 of questions here today. If there's anything that you
7 don't understand, you have two lawyers next to you. You
8 can choose either one or both to ask. But you should
9 feel free to stop me at any point and ask to explain
10 anything you don't understand or to speak privately with
11 your lawyers if that's what you need to do.

12 You have to answer every one of my questions
13 honestly and completely. If you don't do that, you could
14 be prosecuted for perjury.

15 Do you understand?

16 THE DEFENDANT: Yes, sir.

17 THE COURT: What is your full name?

18 THE DEFENDANT: Jeffrey Aiden (ph.) Hurant.

19 THE COURT: And we've agreed just a minute ago
20 that we're going to do the plea allocutions in tandem.
21 So, I am going to ask you first individually and then I'm
22 going to ask you about the corporation.

23 What is the corporate entity that's involved
24 here?

25 THE DEFENDANT: Easy Rent Systems, Inc.

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1 THE COURT: And what is your relationship to
2 Easy Rent Systems, Inc.?

3 THE DEFENDANT: I'm the sole shareholder and
4 founder of that corporation.

5 THE COURT: And you heard what Mr. Tremonte
6 said a moment ago, describing your role in the
7 corporation, correct?

8 THE DEFENDANT: Correct.

9 THE COURT: Was it accurate?

10 THE DEFENDANT: Yes, sir.

11 THE COURT: All right. So, that you are really
12 the sole officer representative, founder and person with
13 authority with respect to this corporation.

14 THE DEFENDANT: Currently, the only person in
15 any way related to it left.

16 THE COURT: Good.

17 How old are you?

18 THE DEFENDANT: 52 -- no, 51.

19 THE COURT: How old is the corporation?

20 THE DEFENDANT: Corporation was from 2001, I
21 believe. So --

22 THE COURT: Okay. About 15 years?

23 THE DEFENDANT: 15 years.

24 THE COURT: What schooling or education have
25 you had?

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1 THE DEFENDANT: My --

2 THE COURT: What's the latest level of school
3 you finished?

4 THE DEFENDANT: I graduated with a degree in
5 philosophy, undergrad at NYU.

6 THE COURT: I'm not going to ask that question
7 for the corporation. We'll assume it's literate.

8 THE COURT: Are you now or have you recently
9 been under the care of a doctor or a psychiatrist?

10 THE DEFENDANT: Yes, I have.

11 THE COURT: In the past 24 hours, have you
12 taken any kind of medicine or pills?

13 THE DEFENDANT: Yes.

14 THE COURT: Does any of that medication have an
15 affect on your ability to think, concentrate, understand
16 or be aware of what's happening here today?

17 THE DEFENDANT: No, sir.

18 THE COURT: Are you experiencing any side
19 effects at all from the medication?

20 THE DEFENDANT: No, sir.

21 THE COURT: Have you discussed the medication
22 with your attorneys? Are they aware of what medication
23 it is?

24 MR. TREMONTE: Can you give us a moment, your
25 Honor.

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1 (Counsel and client confer)

2 THE DEFENDANT: Yes, we discussed them.

3 THE COURT: All right. Would you like to say
4 at side-bar what that medication is?

5 MR. TREMONTE: Yes, your Honor. If you don't
6 mind we'll go off the record.

7 (Discussion held at side bar off the record.)

8 THE COURT: In the past 24 hours, have you
9 taken any narcotic drugs or drunk any alcoholic
10 beverages?

11 THE DEFENDANT: Yes, I have drank an alcoholic
12 beverage.

13 THE COURT: Okay. An alcoholic beverage?
14 Okay. Do you feel any side effects from that beverage at
15 this time?

16 THE DEFENDANT: No, sir.

17 THE COURT: Have you ever been hospitalized or
18 treated for narcotic addiction or alcoholism?

19 THE DEFENDANT: No, no, sir.

20 THE COURT: Okay. Have you ever been
21 hospitalized for a mental or emotional problem?

22 THE DEFENDANT: No, sir.

23 THE COURT: Is your mind clear now?

24 THE DEFENDANT: Yes, sir.

25 THE COURT: Do you understand why you're here

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1 and what's happening here today?

2 THE DEFENDANT: Yes, sir.

3 THE COURT: All right. I am going to ask your
4 attorneys a few questions and then come back to you
5 again.

6 Have you discussed this matter fully with your
7 client?

8 MR. TREMONTE: Yes, your Honor.

9 THE COURT: Is he capable of understanding the
10 nature of these proceedings?

11 MR. TREMONTE: He is.

12 THE COURT: Is he capable of representing the
13 corporation in these proceedings?

14 MR. TREMONTE: He is.

15 THE COURT: Does he understand the rights that
16 he would be waiving by pleading guilty both on his own
17 behalf and on behalf of the corporation?

18 MR. TREMONTE: He does.

19 THE COURT: Have you advised him of the
20 possible maximum and minimum sentence and fine and other
21 penalties that would be imposed or could be imposed
22 against him individually and against the corporation?

23 MR. TREMONTE: I have.

24 THE COURT: Have you discussed with him the
25 effect of sentencing guidelines?

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1 MR. BIALE: Yes, your Honor, we have.

2 THE COURT: And have you advised him that
3 there's no guarantee of what his guidelines range will be
4 at this time, what the corporation's guidelines range
5 will be or what his or the corporation's sentence will
6 be?

7 MR. TREMONTE: Yes.

8 THE COURT: Have you advised him that if he's
9 not a citizen of the United States, he could be deported
10 as a result of the guilty plea?

11 MR. TREMONTE: Give me just a moment, your
12 Honor.

13 (Counsel and client confer)

14 MR. TREMONTE: Yes, your Honor.

15 THE COURT: All right. Do you think he
16 understood all of your discussions both on his own behalf
17 and on behalf of the corporation?

18 MR. TREMONTE: I do.

19 THE COURT: Do you agree with what your lawyer
20 just said?

21 THE DEFENDANT: I do.

22 THE COURT: And do you fully understand that
23 there's a difference between your role as representing
24 yourself and your role as representing the corporation?

25 THE DEFENDANT: Yes, I do.

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1 THE COURT: And that the penalties that could
2 be imposed may be different for you from the penalties
3 that could be imposed for the corporation?

4 THE DEFENDANT: Yes, I do.

5 THE COURT: And that the -- all right. Well,
6 we'll stop there at this point.

7 Do you have any questions about any aspect of
8 the case involving you individually or the corporation?

9 THE DEFENDANT: Not at this point, sir.

10 THE COURT: Have you -- is there anything else
11 you would like to discuss with your attorneys at this
12 time?

13 THE DEFENDANT: No, sir.

14 THE COURT: Are you satisfied to have them
15 represent you?

16 THE DEFENDANT: Yes, sir.

17 THE COURT: The next set of questions has to do
18 with your individual and corporate right to a trial and
19 I'm sure you've discussed these rights with your
20 attorneys but these are rights that you and the
21 corporation have and that you and the corporation will
22 give up as a result of pleading guilty.

23 Do you understand?

24 THE DEFENDANT: Yes, sir.

25 THE COURT: So, do you understand that you and

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1 the corporation have to plead not guilty?

2 THE DEFENDANT: Yes, sir.

3 THE COURT: And if you and the corporation
4 persist in the plea of not guilty, you and the
5 corporation would have a right under the Constitution and
6 laws of the United States to a speedy, public trial by
7 jury with the help of your lawyers on the charges
8 contained in the indictment.

9 Do you understand that?

10 THE DEFENDANT: Yes, sir.

11 THE COURT: And do you understand the charges
12 in the indictment?

13 THE DEFENDANT: Yes, sir.

14 THE COURT: So, I think we should just go
15 through the indictment very briefly. I'm going to ask
16 the government briefly to explain the charges in the
17 indictment and as it pertains to Jeffrey Hurant and Easy
18 Rent Systems, Inc.

19 MR. SMITH: Count 1 of the indictment charges
20 promotion of prostitution in violation of the Travel Act.
21 Would you like me to read it, your Honor?

22 THE COURT: Do you understand it fully or would
23 you like the government to read the allegations in the
24 indictment?

25 THE DEFENDANT: I understand.

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1 THE COURT: Okay. Do you want to just
2 summarize the charges?

3 MR. SMITH: Sure. Count 1 charges promotion of
4 prostitution in violation of the Travel Act. Count 2
5 charges a money laundering conspiracy with respect to the
6 unlawful activity involving in the Travel Act violation
7 and Count 3 charges money laundering, also relating to
8 proceeds from the unlawful act of the Travel Act
9 violation.

10 THE COURT: And it's your understanding that
11 the defendant -- the individual defendant will plead
12 guilty to Count 1.

13 Is that correct?

14 MR. SMITH: That's correct.

15 THE COURT: And the corporate defendant will
16 plead guilty to Count 2?

17 MR. SMITH: Correct.

18 THE COURT: All right. And do you understand
19 in your capacity as representing the corporation, that a
20 conspiracy is an agreement between two or more people or
21 entities to do something illegal?

22 THE DEFENDANT: Yes, sir.

23 THE COURT: And the conspiracy alleged here is
24 a conspiracy to launder money.

25 THE DEFENDANT: Yes, sir.

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1 THE COURT: Any questions about any of the
2 charges?

3 THE DEFENDANT: No, sir.

4 THE COURT: And you've discussed them fully
5 with your attorneys. You understand them both on your
6 behalf and on the part of the corporation, is that
7 correct?

8 THE DEFENDANT: Yes, sir.

9 THE COURT: Okay. I am also going back to our
10 discussion of what your and the corporation's rights are.
11 With respect to these charges, if you or the corporation
12 cannot afford to retain attorneys or an attorney at any
13 point in the proceedings, the Court will appoint counsel
14 to advise and represent both you and the corporation at
15 all stages of the case, all the way through trial,
16 including an appeal if there's a conviction against
17 either you or the corporation. This would all be at no
18 cost to you or the corporation.

19 Do you understand?

20 THE DEFENDANT: Yes, sir.

21 THE COURT: At the trial, you and the
22 corporation would be presumed to be innocent. The
23 government would have to overcome that presumption of
24 innocence and prove the guilt on each charge against both
25 you as an individual and against the corporation as

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1 entity.

2 The proof would have to be by competent
3 evidence that a judge would assure -- would screen and
4 make sure is admissible at trial and you individually and
5 the corporation would not have to prove innocence.

6 Do you understand?

7 THE DEFENDANT: Yes, sir.

8 THE COURT: That means that neither you nor the
9 corporation would have to present any evidence at all.
10 The burden is entirely on the government to prove beyond
11 a reasonable doubt your guilt and even if you or the
12 corporation did everything that the government has
13 accused you or the corporation of in the indictment, if
14 the jury is not convinced beyond a reasonable doubt, the
15 jurors would have a duty to find you not guilty on any of
16 those charges.

17 Do you understand?

18 THE DEFENDANT: Yes, I do.

19 THE COURT: Any questions so far?

20 THE DEFENDANT: So far so good.

21 THE COURT: Okay. During your trial, the
22 government's witnesses would have to come to court. They
23 would have to testify in your presence. Your and the
24 corporation's attorney would have a right to cross-
25 examine the government's witnesses, to object to the

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1 government's evidence, to offer evidence in your behalf
2 and to compel witnesses that you wish to call to appear
3 at trial.

4 Do you understand?

5 THE DEFENDANT: Yes, sir.

6 THE COURT: And at the trial, there is a right
7 to testify on behalf of any defendant but you could not
8 be required to testify.

9 Do you understand that?

10 THE DEFENDANT: Yes, sir.

11 THE COURT: You have a Fifth Amendment
12 privilege, the right to remain silent and not to
13 incriminate yourself. I assume that extends to the
14 corporation. To whatever extent it extends to the
15 corporation, you would be protected by it.

16 If you decided to go to trial and not to
17 testify, the Court would instruct the jurors that they
18 couldn't hold that against you and assume guilt just
19 because there was no testimony in your defense.

20 Do you understand?

21 THE DEFENDANT: Yes, sir.

22 THE COURT: Now, if you and the corporation do
23 plead guilty, and if the Court does accept those guilty
24 pleas, you and the corporation will be giving up your
25 constitutional rights to a trial and all the other rights

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1 that have just been discussed. There will be no trial of
2 any kind, no right to appeal from the judgment of guilty.
3 The Court will simply enter a judgment that you and the
4 corporation are guilty based on the statements being made
5 here today in court.

6 Do you understand?

7 THE DEFENDANT: Yes, sir.

8 THE COURT: In other words, you and the
9 corporation will not be able to take back those guilty
10 pleas.

11 Do you understand?

12 THE DEFENDANT: Yes, sir.

13 MR. SMITH: Your Honor, I don't know if you did
14 the right to present evidence and compel the attendance
15 of witnesses.

16 THE COURT: I did.

17 MR. SMITH: I'm sorry.

18 THE COURT: But I will do it again, just to be
19 safe but thank you, I appreciate it, because it's so easy
20 to forget.

21 So, if I didn't ask you before, do you
22 understand that you have a right to present evidence in
23 your own defense and have witnesses to appear on your
24 behalf?

25 THE DEFENDANT: In the option of taking court

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1 -- of taking trial, yes.

2 THE COURT: Yes. If you go to trial, you'll
3 have the right to present evidence both on your behalf
4 and on behalf of the corporation and to compel witnesses
5 to testify on your behalf and on behalf of the
6 corporation.

7 THE DEFENDANT: Yes, sir.

8 THE COURT: So, do you understand that if you
9 and the corporation plead guilty, I am going to be asking
10 you questions that you would be answering on your behalf
11 and on the behalf of the corporation to determine whether
12 or not you and the corporation truly are guilty of the
13 charges that you and the corporation are pleading guilty
14 to.

15 You will have to answer, admit your guilt and
16 the corporation's guilt and in doing that, any Fifth
17 Amendment privilege that attaches will be waived.

18 THE DEFENDANT: Yes, sir.

19 THE COURT: Do you understand? Okay. Any
20 questions about anything so far?

21 THE DEFENDANT: No, sir.

22 THE COURT: Are you willing to give up your
23 right and the corporation's right to a trial and the
24 other rights that I've just discussed?

25 THE DEFENDANT: Yes, sir.

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1 THE COURT: We're going to move onto the plea
2 agreement. There are two agreements here. Agreement
3 number 1 is an agreement involving Easy Rent Systems,
4 Inc. and Agreement number 2, each marked as Court
5 Exhibits, is the plea agreement involving you
6 individually, Jeffrey Hurant.

7 So, I am turning to the last page of each
8 agreement before the appendix. It's page 8. And there
9 are signatures there. I just want to be sure that you
10 signed each one of those agreements, did you?

11 THE DEFENDANT: Yes, sir.

12 THE COURT: And before you signed them, did you
13 have a chance to read them carefully and discuss them
14 with your lawyers?

15 THE DEFENDANT: I read them carefully in
16 previous revisions.

17 MR. TREMONTE: May we just have a moment?

18 THE COURT: Sure.

19 (Counsel and client confer)

20 MR. TREMONTE: Your Honor, just to clarify, the
21 last version of the plea agreement that Mr. Hurant read
22 is in all respects identical to the version that he
23 signed. However, the dates were changed and he's been
24 apprised of that and I think if you put the question to
25 him or the questions to him again, you'll get a clear

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1 answer.

2 THE COURT: Do you want to ask the questions?

3 MR. TREMONT: Actually no, your Honor. I'll
4 leave that to the Court.

5 THE COURT: All right. So, did you hear what
6 your lawyer just said?

7 THE DEFENDANT: Yes, sir.

8 THE COURT: So do you understand that what --
9 and you did -- did you sign a plea agreement here
10 today --

11 THE DEFENDANT: Yes, sir.

12 THE COURT: -- on behalf of yourself
13 individually?

14 THE DEFENDANT: Yes.

15 THE COURT: And on behalf of the corporation?

16 THE DEFENDANT: Yes.

17 THE COURT: And is it your understanding that
18 the plea agreement that you signed on your behalf and the
19 plea agreement that you signed on behalf of the
20 corporation is identical to the last plea agreement that
21 you read involving both yourself individually and the
22 corporation?

23 THE DEFENDANT: Yes, sir.

24 THE COURT: That the only difference would be
25 the plea dates.

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1 Is that correct?

2 THE DEFENDANT: Yes, sir.

3 THE COURT: Mr. Smith, do you agree?

4 MR. SMITH: Your Honor, I indicated that the
5 plea agreement that was previously sent on August 29th
6 differs from the plea agreement before the Court in two
7 respects. In paragraph 2, on page 3, it changes the date
8 for acceptance of responsibility to October 7. And in
9 paragraph 12, it changes -- and this was respect to Mr.
10 Hurant's plea agreement, not the corporation -- in
11 paragraph 12, it changes the dates to indicate that the
12 plea is pursuant to plea offers that were dated October
13 6th, which is when I provided them, on or before October
14 7th and is contingent upon acceptance of those pleas on
15 or before October 21st. Those dates have changed.

16 There is no change with respect to the plea
17 agreement for Easy Rent Systems.

18 THE COURT: Okay. Is that correct?

19 MR. BIALE: That's correct.

20 THE COURT: Is that your understanding as well,
21 Mr. Hurant?

22 THE DEFENDANT: That's my understanding.

23 THE COURT: Okay. Thank you for clarifying
24 that.

25 All right. So, let's go through the Easy Rent

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1 Systems' agreement first and then we'll go through the
2 Jeffrey Hurant agreement.

3 THE DEFENDANT: Okay.

4 THE COURT: All right. So, paragraph 1 says
5 that Easy Rent Systems will plead guilty to Count 2 of
6 the indictment. That's the money laundering conspiracy,
7 I believe. And if it does so, there's a minimum term of
8 probation of one year and a maximum term of probation of
9 five years.

10 Do you understand that?

11 THE DEFENDANT: Yes, sir.

12 THE COURT: And the possible penalty is the
13 greater -- and we're talking about fine -- you know,
14 there's no C here, it's A, B and E. Is that just a typo
15 or is there something missing?

16 MR. SMITH: That's a typo, your Honor.

17 THE COURT: Okay. I'll give you this in a
18 moment to just change.

19 All right. So, the maximum potential fine is
20 the greater of \$500,000 or twice the property involved in
21 the transaction.

22 Do you understand that?

23 THE DEFENDANT: I'm sorry, I didn't hear.

24 THE COURT: The maximum possible fine for the
25 corporation is the greater of \$500,000 or twice the

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1 property involved in the transaction.

2 Have you discussed that with your lawyer?

3 THE DEFENDANT: Yes, I have.

4 THE COURT: Do you understand that provision?

5 THE DEFENDANT: Yes, I do.

6 THE COURT: There is a special assessment which
7 is a fee of \$400 that has to be paid at the time of
8 sentencing. And there's a penalty of criminal forfeiture
9 that's explained in paragraph 6 to 10.

10 Do you understand?

11 THE DEFENDANT: Yes, I do.

12 THE COURT: And do you want to follow along in
13 the agreements? Do we need to go through the forfeiture
14 in paragraphs 6 through 10?

15 MR. SMITH: I don't think so, your Honor,
16 unless the defendant would like to go through it. I'm
17 satisfied that he understands it.

18 THE COURT: You're satisfied. Mr. Tremonte?

19 MR. TREMONTE: That's fine with us, your Honor.

20 THE COURT: Do you want me to go through
21 paragraph 6 through 10 or do you understand it? You
22 fully understand the forfeiture provisions?

23 THE DEFENDANT: Yes, I do.

24 THE COURT: Okay. All right. Paragraph 2
25 talks about sentencing and there are a number of criteria

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1 that go into sentencing. As we discussed before, there's
2 no guarantee what your guidelines range will be or what
3 your sentence will be and I'm speaking -- when I say you,
4 I mean the corporation, Easy Rent Systems.

5 Do you understand that?

6 THE DEFENDANT: Yes, I do.

7 THE COURT: All right. So, the guidelines --
8 the sentencing guidelines are just rules that help guide
9 the Court in deciding how to sentence you. They are not
10 binding. The Court will calculate the guidelines range
11 and then decide what the appropriate sentence is for Easy
12 Rent Systems.

13 In doing that, it will consider other factors
14 and I'm just going to read them as they appear in the
15 statute. They include the circumstances of the offense,
16 the defendant's background, the defendant's respect for
17 the law, just punishment, deterrence, protecting the
18 public from further crimes and the defendant's need for
19 effective correctional treatment.

20 Do you understand that on behalf of the
21 corporation?

22 THE DEFENDANT: Yes, I do.

23 THE COURT: And do you understand that there's
24 no guarantee that the corporation will be sentenced
25 within the guidelines range and that if the corporation

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1 is not sentenced within the guidelines range, it will not
2 be able to take back its guilty plea even if the sentence
3 is above the guidelines.

4 Do you understand that?

5 THE DEFENDANT: Yes, I do.

6 THE COURT: Any questions so far?

7 THE DEFENDANT: No, sir.

8 THE COURT: And those same factors will apply
9 when we talk about the individual defendant, Jeffrey
10 Hurant.

11 Okay. So, I'm just going to the government
12 briefly to give its guidelines estimate or what it
13 believes the guidelines will provide for in this case.

14 MR. SMITH: With respect to the corporation?

15 THE COURT: With respect to the corporation.

16 MR. SMITH: With respect to the corporation,
17 the government estimates that pursuant to the sentencing
18 guidelines Section 8c1.1, because the organization
19 operated primarily for criminal purpose, for primarily by
20 criminal means, the guidelines calls for a fine set at an
21 amount sufficient to divest the organization of all its
22 net assets.

23 THE COURT: All right. Anything the defense
24 would like to add?

25 MR. TREMONTE: No, your Honor. Thank you.

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1 THE COURT: Do you have any questions about
2 that estimate?

3 THE DEFENDANT: No, sir.

4 THE COURT: All right. And that is the
5 government's estimate. Again, there's no guarantee what
6 the Court will do at this time.

7 Do you understand?

8 THE DEFENDANT: Yes, sir.

9 THE COURT: Paragraph 4 says that the
10 defendant, Easy Rent Systems, agrees not to file an
11 appeal or otherwise challenge the conviction or sentence
12 in the event the Court imposes a probation of five years
13 or less and a fine of \$10 million or less.

14 Do you understand that?

15 THE DEFENDANT: Yes, sir.

16 THE COURT: Is there anything else in this
17 agreement that the government thinks should be placed on
18 the record with respect to Easy Rent Systems?

19 MR. SMITH: I don't believe so, your Honor.

20 THE COURT: The defendant?

21 MR. TREMONTE: No, your Honor.

22 THE COURT: Mr. Hurant, on behalf of the
23 corporation, do you have any questions about the plea
24 agreement or anything having to do with this case at this
25 point?

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1 THE DEFENDANT: No, sir.

2 THE COURT: All right. So, I am going to
3 proceed with the allocution with respect to Easy Rent
4 Systems. I think it will be simpler and clearer for the
5 record to do that and we'll go back to the allegations
6 against Mr. Hurant.

7 MR. TREMONTE: Your Honor, if we may just
8 confer for a moment.

9 THE COURT: Sure.

10 (Counsel and client confer)

11 MR. TREMONTE: Thank you, your Honor.

12 THE COURT: Do you have any questions either
13 for me or for your attorneys at this time?

14 THE DEFENDANT: No, sir.

15 THE COURT: So, on behalf of the corporation,
16 are you ready to plead?

17 THE DEFENDANT: Yes, sir.

18 THE COURT: Counsel, is there any reason why
19 the corporation Easy Rent Systems, Inc. should not plead
20 guilty to Count 2?

21 MR. TREMONTE: No, your Honor.

22 THE COURT: As to Count 2 in the indictment,
23 how does Easy Rent Systems plead, guilty or not guilty?

24 THE DEFENDANT: Guilty.

25 THE COURT: Is Easy Rent Systems pleading

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1 guilty voluntarily?

2 THE DEFENDANT: Yes, sir.

3 THE COURT: Has anybody forced or threatened
4 Easy Rent Systems to induce it to plead guilty at this
5 time?

6 THE DEFENDANT: No, sir.

7 THE COURT: Has anyone promised Easy Rent
8 Systems anything that's not included in the plea
9 agreement, Court Exhibit 1, that induced Easy Rent
10 Systems to plead guilty?

11 THE DEFENDANT: No, sir.

12 THE COURT: Has anyone promised Easy Rent
13 Systems what its sentence will be?

14 THE DEFENDANT: No, sir.

15 THE COURT: So, I am going to ask you on behalf
16 of the corporation to state in your own words why the
17 corporation is guilty of Count 2.

18 THE DEFENDANT: Okay. Between January 1996 and
19 August 2015, I owned and operated Easy Rent Systems, Inc.
20 on a web site called RentBoy.com. I agreed with others
21 to accept payments for multiple advertisers and promoted
22 their exchange of sexual conduct in return for a fee in
23 violation of New York State law.

24 I caused the proceeds of this unlawful activity
25 to be deposited into the bank account of Easy Rent

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1 Systems, Inc. and be used to further promote the unlawful
2 activities of the web site.

3 MR. SMITH: With respect to the deposit, the
4 government would stipulate that the corporation deposited
5 money into a Citibank account and that that Citibank is a
6 business that is involved in interstate commerce as part
7 of that statute and we would ask for a stipulation to
8 that.

9 MR. TREMONTE: We would so stipulate.

10 THE COURT: And did we go through venue?

11 MR. SMITH: We did not, your Honor.

12 THE COURT: I think perhaps we should. Where
13 did this take place?

14 THE DEFENDANT: Manhattan.

15 THE COURT: And how do we have venue here?

16 MR. SMITH: The government would ask for a
17 stipulation that the web site was available to
18 individuals throughout the United States and abroad and
19 that individuals, advertisers using the web site
20 advertised services in Brooklyn, Queens, Long Island and
21 Staten Island.

22 MR. TREMONTE: And we would so stipulate.

23 MR. SMITH: I think the defendant himself has
24 to stipulate, your Honor, (indiscernible).

25 THE DEFENDANT: I'll stipulate.

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1 THE COURT: All right. Do you understand what
2 that means?

3 THE DEFENDANT: Yes.

4 THE COURT: In other words, that this plea
5 could be heard in the venue of the Eastern District of
6 New York and that you're stipulating that the advertising
7 and the web site was available to users in the Eastern
8 District of New York.

9 THE DEFENDANT: Yes, sir.

10 THE COURT: And you understand what the Eastern
11 District of New York is. It's Brooklyn, Queens, Staten
12 Island, Long Island.

13 THE DEFENDANT: Yes, sir.

14 THE COURT: All right. Have we missed anything
15 from the government's perspective?

16 MR. SMITH: I don't believe so, your Honor.

17 THE COURT: From the defense's perspective?

18 MR. TREMONTE: We have not.

19 THE COURT: All right. So with respect to the
20 corporation, I find, Mr. Hurant, that Easy Rent Systems'
21 plea is knowingly and voluntarily, that the corporation
22 fully understands its rights, the charges against it, the
23 rights its giving up by pleading guilty, the consequences
24 of a guilty plea including the distinct and separate
25 sentence, fine, forfeiture and other provisions that are

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1 provided for by statute against the corporation.

2 I find that the corporation understands that
3 there's no guarantee what its sentence will be and that
4 there's a factual basis for the plea. So, I therefore
5 recommend that the Court accept the corporation's plea of
6 guilty to Count 2.

7 And specifically, I also find that you are
8 authorized to enter a plea on behalf of this corporation.

9 Anything else with respect to the corporation
10 from the government?

11 MR. SMITH: No, your Honor.

12 THE COURT: The defense?

13 MR. TREMONTE: No, your Honor.

14 THE COURT: Okay. So, let's go to the charges
15 against you individually, Mr. Hurant.

16 Do you have any questions about the charges
17 against you and anything you would like to ask me or
18 discuss with your lawyers before we go further?

19 THE DEFENDANT: I don't believe so.

20 THE COURT: So, are you ready to plead on your
21 behalf?

22 THE DEFENDANT: Yes, sir.

23 THE COURT: Mr. Tremonte, is there any reason
24 why Mr. Hurant should not plead guilty to Count 1?

25 MR. TREMONTE: There is not, your Honor.

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1 THE COURT: As to Count 1, how do you plead,
2 guilty or not guilty in the case against you in
3 (indiscernible)?

4 THE DEFENDANT: Guilty.

5 THE COURT: Are you pleading guilty
6 voluntarily?

7 THE DEFENDANT: Yes, sir.

8 THE COURT: Has anybody forced you or
9 threatened you to make you agree to plead guilty?

10 THE DEFENDANT: No.

11 THE COURT: Has anybody promised you anything
12 other than what's in the plea agreement that induced you
13 to plead guilty?

14 THE DEFENDANT: No, sir.

15 THE COURT: Did anybody promise you what your
16 sentence will be?

17 THE DEFENDANT: No, sir.

18 THE COURT: So, as to Count 1, can you explain
19 to me why you are guilty?

20 MR. SMITH: Your Honor, I think we skipped the
21 statutory penalties for Count 1.

22 THE COURT: Oh, you're right. We didn't do
23 that. Thank you. All right. Let's go to the statutory
24 penalties. Thank you.

25 All right. So, let's go through this. Page 1

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1 of Court Exhibit 2, which is the plea agreement, you will
2 plead guilty to Count 1 of the indictment and do you
3 understand what that count refers to?

4 THE DEFENDANT: Yes, I do.

5 THE COURT: The minimum term of imprisonment is
6 zero years in prison and the maximum term of imprisonment
7 is five years.

8 Do you understand that?

9 THE DEFENDANT: Yes, sir.

10 THE COURT: If you are sentenced to prison,
11 there's a maximum supervised release term of three years
12 after you're released from prison.

13 Do you understand what supervised release is?

14 THE DEFENDANT: Yes, sir.

15 THE COURT: Any questions about that condition?

16 THE DEFENDANT: No, sir.

17 THE COURT: If you violate any condition of
18 your supervised release, there's a penalty that's
19 separate from the penalty or sentence you would get on
20 the underlying charge and that is you can be sentenced to
21 up to two years in prison without credit for the time you
22 had been in prison on the underlying charge or on
23 supervised release.

24 Do you understand?

25 THE DEFENDANT: Yes, sir.

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1 THE COURT: Any questions so far?

2 THE DEFENDANT: None.

3 THE COURT: There's a possible maximum fine of
4 the greater of \$250,000 or twice the gross gain or twice
5 the gross loss from the offense.

6 Do you understand?

7 THE DEFENDANT: Yes, your Honor.

8 THE COURT: There's a \$100 special assessment
9 in addition to whatever else the corporation pays.

10 Do you understand that?

11 THE DEFENDANT: Yes, sir.

12 THE COURT: And other penalties include
13 criminal forfeiture as explained in paragraph 6 through
14 10.

15 Do you understand that?

16 THE DEFENDANT: Yes, sir.

17 THE COURT: And again, do we -- would anyone
18 like to place the provisions of paragraphs 6 through 10
19 on the record?

20 MR. SMITH: The government is satisfied.

21 They're the same provisions as the corporate plea
22 agreement and if the defendant believes he understands
23 them, the government is satisfied with that.

24 MR. TREMONTE: That's consistent with our
25 understanding. We don't need to review them again.

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1 THE DEFENDANT: Yes, sir.

2 THE COURT: Okay. So, in paragraph 2, there's
3 a discussion of sentencing. There's a sentencing
4 guidelines estimate. Would the government please explain
5 its estimate?

6 MR. SMITH: Your Honor, the government
7 estimates that the base offense level that will apply in
8 this case will be fourteen with the addition of four
9 points for being organizer or leader of criminal activity
10 involving more than five participants.

11 The government has agreed in the plea agreement
12 to move for a one point reduction based on the global
13 disposition of pleas with respect to Mr. Hurant and the
14 corporation. So, we believe that there will be a total
15 offense level of 17 after adjustments with three points
16 for -- removed for acceptance of responsibility today
17 which results in a final adjusted offense level of
18 fourteen and that carries a range of imprisonment of 15
19 to 21 months, assuming the defendant falls within
20 criminal history category one.

21 THE COURT: Any comments from the defense?

22 MR. TREMONTE: No, your Honor.

23 THE COURT: Do you understand what the
24 government said?

25 THE DEFENDANT: Yes, I do.

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1 THE COURT: And do you understand, Mr. Hurant,
2 that that's just an estimate. Again, it will be up to
3 the Court to decide what your guidelines range is and
4 ultimately what sentence to give you?

5 THE DEFENDANT: Yes, sir.

6 THE COURT: And do you understand that the
7 factors are the same as the factors that I explained with
8 respect to the corporation. In other words, the Court
9 will calculate your guidelines range but could give you a
10 sentence above or below the guidelines range depending on
11 its analysis of the other factors that I explained
12 earlier.

13 THE DEFENDANT: Yes, sir.

14 THE COURT: Any questions about sentencing at
15 all?

16 THE DEFENDANT: No, sir.

17 THE COURT: Do you understand there's no
18 guarantee what your sentence will be or even what your
19 guidelines range will be at this time?

20 THE DEFENDANT: Yes, sir.

21 THE COURT: Okay. Paragraph 4 says that you
22 agree not to file an appeal or otherwise challenge your
23 conviction or sentence if you receive a term of
24 imprisonment of 24 months or less.

25 Do you understand that?

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1 THE DEFENDANT: Yes.

2 THE COURT: Is there anything else in the plea
3 agreement that any party would like to put on the record?

4 MR. SMITH: No, your Honor.

5 MR. TREMONTE: No, your Honor.

6 THE COURT: Mr. Hurant, any questions about
7 anything having to do with your case at this point,
8 either for me or for your lawyers?

9 THE DEFENDANT: No, sir.

10 THE COURT: Are you ready to plead?

11 THE DEFENDANT: Yes, sir.

12 THE COURT: And do you understand that there's
13 no parole in the federal system, so that if you do plead
14 guilty, there will be no early release on parole if
15 you're sentenced to prison?

16 THE DEFENDANT: New fact, but okay.

17 THE COURT: Okay.

18 MR. TREMONTE: Your Honor, may we have a moment
19 to confer?

20 THE COURT: Yes.

21 (Counsel and client confer)

22 MR. TREMONTE: Your Honor, we've been over this
23 issue before. We went over it just now. I think Mr.
24 Hurant is clear on this and understands that there is no
25 parole in the federal system.

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1 THE COURT: Is that correct?

2 THE DEFENDANT: Yes, that's correct.

3 THE COURT: We do have it in the state system.
4 It's not in the federal system. It hasn't been for a
5 long time.

6 Are you ready to plead?

7 THE DEFENDANT: Yes, sir.

8 THE COURT: And again, is there any reason why
9 Mr. Hurant should not plead guilty to Count 1?

10 MR. TREMONTE: No, your Honor.

11 THE COURT: So, as to Count 1, promotion of
12 prostitution, how do you plead, guilty or not guilty?

13 THE DEFENDANT: Guilty.

14 THE COURT: Are you pleading guilty
15 voluntarily?

16 THE DEFENDANT: Yes, sir.

17 THE COURT: Has anybody forced you or
18 threatened you to make you agree to plead guilty?

19 THE DEFENDANT: No, sir.

20 THE COURT: Have there been any promises made
21 to you other than what's in the plea agreement?

22 THE DEFENDANT: No, sir.

23 THE COURT: Has anybody promised you what your
24 sentence will be?

25 THE DEFENDANT: No, sir.

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1 THE COURT: So, tell me why you're guilty of
2 this charge.

3 THE DEFENDANT: I'm guilty because between
4 January 1996 and August 2015, I owned and operated a web
5 site called RentBoy.com. I agreed with others to accept
6 payments from multiple advertisers and promoted their
7 exchange of sexual conduct in return for a fee in
8 violation of New York State law.

9 THE COURT: And again, venue?

10 MR. SMITH: The government would again
11 stipulate if a web site was available nationally and
12 internationally, and operated among other places in
13 Brooklyn, Queens, Staten Island, Nassau and Suffolk
14 County, and was both available to people visiting the web
15 site and advertisers, advertised sections (indiscernible)
16 those locations.

17 THE COURT: Mr. Hurant, is that correct?

18 THE DEFENDANT: That's correct.

19 THE COURT: And you stipulate to that?

20 THE DEFENDANT: Yes, I do.

21 THE COURT: Counsel, anything to add?

22 MR. TREMONTE: Nothing to add.

23 THE COURT: And I think you said this but can
24 you just repeat again how this was through interstate
25 commerce.

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1 MR. SMITH: The web site since it was available
2 nationally, the web site was involved in a facility of
3 interstate commerce. In addition, the web site was set
4 up using a domain name, registry service, that was
5 outside the State of New York. Payments were made to
6 various things relating to the web site outside of the
7 State of New York at regular intervals, all of which
8 constituted interstate commerce. I guess just to be
9 clear, we'll ask for a stipulation as to those facts.

10 MR. TREMONTE: I think counsel can stipulate to
11 the interstate commerce facts. That's correct, we so
12 stipulate.

13 THE COURT: Do you agree?

14 THE DEFENDANT: Yes, I agree.

15 THE COURT: Okay. Anything else with respect
16 to the charge that we need to put on the record -- the
17 allocution?

18 MR. SMITH: No, sir. No, your Honor.

19 MR. TREMONTE: No, your Honor.

20 THE COURT: All right.

21 I find that you individually are acting
22 voluntarily, you fully understand your rights, the rights
23 you're giving up by pleading guilty, again, the charges
24 against you. You understand that there is no guarantee
25 what your sentence will be. You understand everything

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1 that we've discussed here today.

2 You understand the difference between the
3 potential sentence, fine and other punishments that can
4 be imposed against you individually and against the
5 corporation where appropriately, and that those are
6 separate and distinct. And I find that you did commit
7 the acts that are alleged against you individually.

8 I'm just trying to think whether there's any
9 other possible area of confusion there might be between
10 your plea on behalf of the corporation and you
11 individually. I don't think there is one but I am just
12 make the blanket statement that I am totally satisfied
13 that you understand what you're doing as you're
14 proceeding in both capacities, both as an individual and
15 as the sole representative of the corporation.

16 And that as a result, I am recommending that
17 Judge Brodie accept your plea of guilty individually to
18 the charge in Count 1 against you.

19 Is there anything that any party thinks should
20 be added at this point to complete the record?

21 MR. SMITH: No, your Honor.

22 MR. TREMONTE: Not from the defense, your
23 Honor.

24 THE COURT: Okay.

25 THE CLERK: Sentencing for both defendants will

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1 occur on February 2nd, 2017 at 10 a.m. before Judge
2 Brodie.

3 THE COURT: All right. Thank you. Good luck
4 and --

5 MR. SMITH: Your Honor?

6 THE COURT: -- there was this typo on that plea
7 agreement.

8 MR. SMITH: The government would just put on
9 the record that we consent to continuation on bail.

10 THE COURT: I take it there's no objection from
11 the defendant.

12 MR. TREMONT: We're glad to hear that.

13 THE COURT: And the government is taking care
14 of the totally minor typo in the --

15 MR. SMITH: The government --

16 THE COURT: -- lettering in the transcript.

17 MR. SMITH: -- will revise with respect to Easy
18 Rent -- it was Easy Rent's plea?

19 THE COURT: Yes.

20 MR. SMITH: Yeah, we will revise to indicate A,
21 B, C.

22 THE COURT: Thank you.

23 MR. SMITH: Thank you, your Honor.

24 (Matter concluded)

25 -00-

1 C E R T I F I C A T E

2
3 I, LINDA FERRARA, hereby certify that the
4 foregoing transcript of the said proceedings is a true
5 and accurate transcript from the electronic sound-
6 recording of the proceedings reduced to typewriting in
7 the above-entitled matter.

8

9 I FURTHER CERTIFY that I am not a relative or
10 employee or attorney or counsel of any of the parties,
11 nor a relative or employee of such attorney or counsel,
12 or financially interested directly or indirectly in this
13 action.

14

15 IN WITNESS WHEREOF, I hereunto set my hand this
16 **18th** day of **October**, 2016.

17
18 
19 Linda Ferrara

20

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23

24